

## **ABORIGINALS BENEFIT ACCOUNT**

### **Financial Statements**

*for the period ended 30 June 2019*

## **ABORIGINALS BENEFIT ACCOUNT STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER**

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The accompanying financial statements of the Aboriginals Benefit Account (ABA) for the year ended 30 June 2019 have been prepared in accordance with section 64B of the *Aboriginal Land Rights (Northern Territory) Act 1976*, which requires the financial statements to be prepared in accordance with section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Minister for Finance has granted ABA an exemption under the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR). The exemption applies to the following requirements of the FRR:

- (a) Sections 9, 32 and 33 of the FRR. The ABA is required to present its administered activities in departmental format, in accordance with current practice.
- (b) Divisions 2, 3, 4 and 5 of Part 6 of the FRR to the extent that ABA has no appropriation transactions and balances other than through its special account.

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the PGPA Act, and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the ABA will be able to pay its debts as and when they fall due.

Dr Martin Parkinson AC PSM  
Secretary

30 August 2019

Paul Wood  
Chief Financial Officer

30 August 2019

**ABORIGINALS BENEFIT ACCOUNT**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2019*

	Notes	2019 \$'000	2018 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Payments to advisory committee members		104	102
Suppliers - services rendered		80	40
Grants	1.1A	10,292	20,240
Payments for township leases	1.1B	5,547	5,899
Payments to Land Councils for administrative purposes	1.1C	61,466	51,920
Distribution to Land Councils	1.1D	127,814	101,544
Impairment loss allowance on financial instruments		280	578
Other expenses	1.1E	2,725	3,298
<b>Total expenses</b>		<b>208,308</b>	<b>183,621</b>
<b>Own-Source Income</b>			
<b>Own-source revenue</b>			
Interest	1.2A	25,661	19,496
Lease rental income	1.2B	2,251	1,847
Resources received free of charge	1.2C	2,725	3,298
Return of grant funding		267	621
<b>Total own-source revenue</b>		<b>30,904</b>	<b>25,262</b>
<b>Gains</b>			
Gain on realisation of investment	1.2D	-	-
Other gains		5	3
<b>Total gains</b>		<b>5</b>	<b>3</b>
<b>Total own-source income</b>		<b>30,909</b>	<b>25,265</b>
<b>Net cost of services</b>		<b>177,399</b>	<b>158,356</b>
Revenue from Government	1.2E	426,051	338,474
<b>Surplus</b>		<b>248,652</b>	<b>180,118</b>
<b>Total comprehensive income</b>		<b>248,652</b>	<b>180,118</b>

**ABORIGINALS BENEFIT ACCOUNT**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2019*

	Notes	2019 \$'000	2018 \$'000
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	3.1	9,154	11,212
Trade and other receivables	2.1	15,659	10,440
Investments - term deposits		1,042,500	793,746
<b>Total financial assets</b>		<b>1,067,313</b>	<b>815,398</b>
<b>Non-Financial Assets</b>			
Other non-financial assets	2.2	3,678	3,102
<b>Total non-financial assets</b>		<b>3,678</b>	<b>3,102</b>
<b>Total assets</b>		<b>1,070,991</b>	<b>818,500</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Office of township leasing administrative liabilities		742	1,095
Grants - non-profit organisations		-	295
Other payables	2.3	7,915	2,909
<b>Total payables</b>		<b>8,657</b>	<b>4,299</b>
<b>Total liabilities</b>		<b>8,657</b>	<b>4,299</b>
<b>Net assets</b>		<b>1,062,334</b>	<b>814,201</b>
<b>EQUITY</b>			
Retained surplus		1,062,334	814,201
<b>Total equity</b>		<b>1,062,334</b>	<b>814,201</b>

The above statement should be read in conjunction with the accompanying notes.

**ABORIGINALS BENEFIT ACCOUNT**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2019*

	Notes	2019 \$'000	2018 \$'000
<b>TOTAL EQUITY - RETAINED EARNINGS</b>			
<b>Opening balance</b>			
Balance carried forward from previous period		814,201	634,083
Other adjustments		(563)	-
Adjustment for changes in accounting policies		44	-
<b>Adjusted opening balance</b>		<b>813,682</b>	<b>634,083</b>
<b>Comprehensive income</b>			
Surplus for the period		248,652	180,118
<b>Total comprehensive income</b>		<b>248,652</b>	<b>180,118</b>
<b>Closing balance as at 30 June</b>		<b>1,062,334</b>	<b>814,201</b>

The above statement should be read in conjunction with the accompanying notes.

**ABORIGINALS BENEFIT ACCOUNT**  
**CASH FLOW STATEMENT**  
*for the period ended 30 June 2019*

	Notes	2019 \$'000	2018 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		429,608	337,701
Net GST received		858	2,647
Lease rental receipts		2,394	2,222
<b>Total cash received</b>		<b>432,860</b>	<b>342,570</b>
<b>Cash used</b>			
Committee members		104	102
Suppliers		36	40
Grants		11,497	28,908
Payments for township leases		4,524	4,947
Payments to Land Councils for administrative purposes		61,466	51,920
Distributions to Land Councils		128,885	101,430
<b>Total cash used</b>		<b>206,512</b>	<b>187,347</b>
<b>Net cash from operating activities</b>		<b>226,348</b>	<b>155,223</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from realisation of investments		853,746	691,500
Interest on investments		20,348	17,901
<b>Total cash received</b>		<b>874,094</b>	<b>709,401</b>
<b>Cash used</b>			
Investments		1,102,500	877,746
<b>Total cash used</b>		<b>1,102,500</b>	<b>877,746</b>
<b>Net cash used by investing activities</b>		<b>(228,406)</b>	<b>(168,345)</b>
<b>Net decrease in cash held</b>		<b>(2,058)</b>	<b>(13,122)</b>
Cash and cash equivalents at the beginning of the reporting period		11,212	24,334
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1	<b>9,154</b>	<b>11,212</b>

The above statement should be read in conjunction with the accompanying notes.

**ABORIGINALS BENEFIT ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 2019*

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# **ABORIGINALS BENEFIT ACCOUNT**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

*for the period ended 30 June 2019*

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### **Overview**

#### **Basis of preparation of the financial statements**

The Aboriginals Benefit Account's (ABA) activities are classified as administered activities carried out by the Department of the Prime Minister and Cabinet (PM&C) on behalf of the Australian Government and are reported in PM&C's administered financial statements for the period 1 July 2018 to 30 June 2019. In addition to being consolidated into PM&C's financial statements, the ABA prepares separate audited financial statements as required by the *Aboriginal Land Rights (Northern Territory) Act 1976* (ALRA).

The Minister for Finance has granted ABA an exemption under the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR). The exemption applies to the following requirements of the FRR:

- (a) Sections 9, 32 and 33 of the FRR. The ABA is required to present its administered activities in departmental format, in accordance with current practice.
- (b) Divisions 2, 3, 4 and 5 of Part 6 of the FRR to the extent that ABA has no appropriation transactions and balances other than through its special account.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or financial position. The financial statements are presented in Australian dollars.

#### **New Australian Accounting Standards**

No accounting standard has been adopted earlier than the application date as stated in the standard.

The Australian Accounting Standards Board (AASB) released a new accounting standard AASB 9 to replace AASB 139. The ABA has adopted this new accounting standard to recognise Financial Assets at amortised cost.

#### **Taxation**

The ABA is exempt from all forms of taxation except Mining Withholding Tax (MWT), Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

MWT is payable in respect of payments made from royalty equivalents credited to the ABA pursuant to section 63 of the ALRA. In accordance with the *Taxation Laws Amendment Act (No. 3) 1994*, the rate of MWT payable in respect of the payments made from royalty equivalents credited to the ABA pursuant to section 63 of the ALRA, is 4% (2018: 4%).

GST is payable on purchases made by the ABA under subsection 64(4) and 64(6) of the ALRA. These amounts are recoverable from the Australian Taxation Office (ATO).

# **ABORIGINALS BENEFIT ACCOUNT**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

*for the period ended 30 June 2019*

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### **Compliance with statutory conditions for payments from the consolidated revenue fund**

The Government monitors and assesses risks and decides on any appropriate action to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

During 2018-19 PM&C reviewed the ABA's exposure to the risk of not complying with statutory conditions on payments from appropriations, namely section 83 of the Constitution. The risk profile and internal controls to manage this risk continue to remain appropriate.

Total ABA cash expenditure for 2018-19 was \$206.512 million. Three payments totalling \$1.660 million made in 2018-19 from the ABA under section 64(3) of the ALRA contravened section 83 of the Constitution due to difficulties in precisely estimating mining royalties.

Payments are required to be made out of the ABA based on royalties received by the Northern Territory or Australian Governments. The contraventions occurred when the royalties upon which the payments were based had been estimated at a value greater than the eventual actual value. Legislation has been prepared, and is awaiting presentation to Parliament, to reduce the risks of non-compliance associated with these payments to an acceptably low level.

The payments were a technical contravention of section 83, despite the payments having been made in accordance with the requirements of section 64(3) of the ALRA. No overpayments have been recovered through reduction of subsequent payments, therefore the \$1.660 million will be offset against future payments. The majority of the overpayments from previous years of \$0.507 million were recovered during the year with the remaining \$0.034 million to be offset against future payments.

### **Significant accounting judgements and estimates**

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities.

### **Events after the reporting period**

On 26 May 2019, the Prime Minister announced that the Indigenous Affairs Group (IAG), part of PM&C as at 30 June, is to become an Executive Agency in its own right and will be named the National Indigenous Australians Agency (NIAA) from the 1 July 2019. At this date the ABA will move from PM&C to NIAA. The new agency will provide more autonomy and authority to ensure there is a coordinated approach across the Commonwealth to pursue the Government's agenda for Indigenous Australians.

### **Related party disclosures**

Related parties to the ABA are Key Management Personnel including the Minister for Indigenous Affairs, and other Australian Government entities. The Ministers remuneration and other benefits are set by the Remuneration Tribunal and are not paid by ABA. Given consideration to relationships with related entities, and transactions entered into during the reporting period by ABA, there are no related party transactions to be separately disclosed.

**ABORIGINALS BENEFIT ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 2019*

**1. Financial Performance**

This section analyses the financial performance of the Aboriginals Benefit Account for the year ended 30 June 2019.

**1.1. Expenses**

	2019 \$'000	2018 \$'000
<b><u>Note 1.1A: Grants</u></b>		
<b>Private sector</b>		
Non-profit organisations	10,157	19,720
Stores Infrastructure Project	88	127
Mining Withholding Tax	47	393
<b>Total grants</b>	<b>10,292</b>	<b>20,240</b>

**Accounting Policy**

The ABA makes payments to or for the benefit of Aboriginals living in the Northern Territory under subsection 64(4) of the ALRA. MWT is payable on grant payments made from royalty equivalents credited to the ABA pursuant to section 63 of the ALRA.

MWT is not payable on grant payments made from other income.

**Note 1.1B: Payments for township leases**

Office of township leasing administrative expenses	2,787	2,787
Community entity administrative expenses	284	328
Township revenue returned	1,813	1,397
Amortisation of township introductory payments	663	1,387
<b>Total payments for township leases</b>	<b>5,547</b>	<b>5,899</b>

**Office of the Executive Director Township Leasing**

The Office of Township Leasing (OTL) is headed by the Executive Director of Township Leasing, a statutory appointment under the ALRA. The Executive Director of Township Leasing is responsible for managing, on behalf of the Australian Government, any township leases entered into with Indigenous communities in the Northern Territory as specified under section 19A of the ALRA. The OTL manages the head lease over the specified township and negotiates any sub-leasing to commercial entities, government agencies, community organisations and others.

**Community Entity Township Leasing**

Under section 3AAA of the ALRA the Minister is able to approve any organisation as a Commonwealth entity to hold a township lease. Government policy allows for a community entity representative of traditional owners and community members to be approved to hold and administer a section 19A township lease. Community entities may be provided with funding from the ABA at the direction of the Minister for the purpose of acquiring and administering a township lease under section 64(4A) of the ALRA.

**ABORIGINALS BENEFIT ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 2019*

	2019 \$'000	2018 \$'000
<b>Note 1.1C: Payments to Land Councils for administrative purposes</b>		
<b>Subsection 64(1) payments:</b>		
Northern Land Council	30,686	23,793
Mining Withholding Tax	1,279	991
<b>Sub-total Northern Land Council</b>	<b>31,965</b>	<b>24,784</b>
Central Land Council	19,688	18,376
Mining Withholding Tax	820	766
<b>Sub-total Central Land Council</b>	<b>20,508</b>	<b>19,142</b>
Tiwi Land Council	4,521	3,469
Mining Withholding Tax	188	145
<b>Sub-total Tiwi Land Council</b>	<b>4,709</b>	<b>3,614</b>
Anindilyakwa Land Council	4,113	4,205
Mining Withholding Tax	171	175
<b>Sub-total Anindilyakwa Land Council</b>	<b>4,284</b>	<b>4,380</b>
<b>Total payments associated with land councils administration</b>	<b>61,466</b>	<b>51,920</b>

**Accounting Policy**

Land Councils obtain funding on a workload basis in accordance with subsection 64(1) of the ALRA. Estimates for funding are submitted to the Minister for Indigenous Affairs for approval and are distributed to Land Councils on a quarterly basis during the year.

**Note 1.1D: Distribution to Land Councils**

<b>Subsection 64(3) payments:</b>		
Northern Land Council	17,865	17,329
Mining Withholding Tax	744	722
<b>Sub-total Northern Land Council</b>	<b>18,609</b>	<b>18,051</b>
Central Land Council	18,342	15,037
Mining Withholding Tax	764	627
<b>Sub-total Central Land Council</b>	<b>19,106</b>	<b>15,664</b>
Anindilyakwa Land Council	86,495	65,116
Mining Withholding Tax	3,604	2,713
<b>Sub-total Anindilyakwa Land Council</b>	<b>90,099</b>	<b>67,829</b>
<b>Total land councils distributions</b>	<b>127,814</b>	<b>101,544</b>

**Accounting Policy**

In accordance with subsection 64(3) and 35(2) of the ALRA, 30% of the royalty equivalents, received in respect of mining on Aboriginal land, are paid to the Land Councils for distribution to Aboriginal associations, communities or groups, for the benefit of those Aboriginal people who are affected by mining operations.

**ABORIGINALS BENEFIT ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 2019*

	2019 \$'000	2018 \$'000
<b>Note 1.1E: Other expenses</b>		
Salaries and operating expenses <sup>1</sup>	2,725	3,298
<b>Total other expenses</b>	<b>2,725</b>	<b>3,298</b>

<sup>1</sup> Expenses associated with the administration of the ABA were received from PM&C as resources received free of charge including remuneration of auditors.

## 1.2. Own-Source Revenue and Gains

### OWN-SOURCE REVENUE

#### **Note 1.2A: Interest**

Term deposits	25,478	19,284
Interest bearing bank account	183	212
<b>Total interest</b>	<b>25,661</b>	<b>19,496</b>

#### Accounting Policy

Interest revenue is recognised using the effective interest method.

#### **Note 1.2B: Lease rental income**

Revenue lease receipt - Wurrumiyanga	902	797
Revenue lease receipt - Groote	841	723
Revenue lease receipt - Milikapiti	260	255
Revenue lease receipt - Wurankuwu	19	16
Revenue lease receipt - Pirlangimpi	176	56
Revenue lease receipt - Mutitjulu	13	-
Other	40	-
<b>Total lease rental income</b>	<b>2,251</b>	<b>1,847</b>

#### Accounting Policy

The ABA receives lease rental income for Township Head Leases in the Northern Territory. Lease rental income is recognised when received by the ABA (refer to Note 1.1B Payments for township leases).

#### **Note 1.2C: Resources received free of charge**

Salaries	2,660	3,234
Remuneration of auditors - financial statements audit	65	64
<b>Total resources received free of charge</b>	<b>2,725</b>	<b>3,298</b>

#### Accounting Policy

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

The ABA reports a number of resources received free of charge in relation to PM&C expenses associated with management of the ABA account, oversight of ABA grants and the ABA Advisory Committee secretariat.

**ABORIGINALS BENEFIT ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 2019*

<b>GAINS</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Note 1.2D: Gain on realisation of investment</u></b>		
Investments		
Proceeds from sale	<b>853,746</b>	691,500
Carrying value of assets sold	<b>(853,746)</b>	(691,500)
<b>Total gain from sale of assets</b>	<b>-</b>	<b>-</b>

**REVENUE FROM GOVERNMENT**

<b><u>Note 1.2E: Revenue from Government</u></b>		
Appropriations		
Special appropriations	<b>426,051</b>	338,474
<b>Total revenue from Government</b>	<b>426,051</b>	<b>338,474</b>

**Accounting Policy**

Amounts appropriated are recognised as revenue. Revenue from Government is not typically recognised by administered entities, however, the determination provided by the Minister for Finance in relation to the ABA requires disclosure of such amounts as revenue.

Royalties in respect of uranium and non-uranium mining on Aboriginal land are paid to the Australian Government, the Department of Industry, Innovation & Science and the Northern Territory Treasury (Royalty Branch), respectively. Following advice from these entities, drawdowns are made from the Official Public Account (OPA) to enable royalty equivalents to be credited to the ABA, in accordance with section 63 of the ALRA.

These receipts are credited to the ABA shortly after receipt of advice from the respective entity, which usually occurs in the week following payment of the royalties by mining companies to the entity.

**ABORIGINALS BENEFIT ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 2019*

## 2. Financial Position

This section analyses the Aboriginals Benefit Account's assets used to conduct its operations and the operating liabilities incurred as a result.

### 2.1. Financial Assets

	2019	2018
	\$'000	\$'000
<b>Note 2.1: Trade and other receivables</b>		
<b>Other receivables</b>		
Interest	14,685	9,935
GST receivable from the ATO	61	209
Other	2,062	1,220
<b>Total other receivables</b>	<b>16,808</b>	<b>11,364</b>
<b>Less impairment loss allowance</b>		
Other receivables	(1,149)	(924)
<b>Total impairment loss allowance</b>	<b>(1,149)</b>	<b>(924)</b>
<b>Total trade and other receivables (net)</b>	<b>15,659</b>	<b>10,440</b>

### 2.2. Non-Financial Assets

<b>Note 2.2: Other non-financial assets</b>		
Prepayments – subsection 64(3)	1,766	528
Prepayments – subsection 64(4A)	1,912	2,574
<b>Total other non-financial assets</b>	<b>3,678</b>	<b>3,102</b>

No indicators of impairment were found for other non-financial assets.

### 2.3. Payables

<b>Note 2.3: Other payables</b>		
Royalty equivalent overpayment	5,885	1,760
Township leasing payable	1,808	1,094
Other	222	55
<b>Total other payables</b>	<b>7,915</b>	<b>2,909</b>

**ABORIGINALS BENEFIT ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 2019*

### 3. Funding

This section identifies the Aboriginals Benefit Account funding structure.

#### 3.1. Special Accounts

**Note 3.1A: Special accounts ('recoverable GST exclusive')**

	<b>Aboriginals Benefit Account<sup>1</sup></b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance brought forward from previous period</b>	<b>11,212</b>	<b>24,334</b>
<b>Increases</b>		
Appropriation credited to special account	<b>429,608</b>	337,701
Investments realised	<b>853,746</b>	691,500
Other receipts	<b>22,742</b>	20,123
<b>Total increases</b>	<b>1,306,096</b>	1,049,324
<b>Available for payments</b>	<b>1,317,308</b>	1,073,658
<b>Decreases</b>		
Payments made	<b>(205,654)</b>	(184,700)
PGPA Act section 58 investments	<b>(1,102,500)</b>	(877,746)
<b>Total decreases</b>	<b>(1,308,154)</b>	(1,062,446)
<b>Total balance carried to the next period</b>	<b>9,154</b>	11,212
<b>Balance represented by:</b>		
Cash held in entity bank account	<b>9,154</b>	11,212
<b>Total balance carried to the next period</b>	<b>9,154</b>	11,212

<sup>1</sup>Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing instrument: *Aboriginal Land Rights (Northern Territory) Act 1976*, sections 62, 63, 64 and 65.

Purpose: For the receipt and disbursement of the equivalent of mining royalty monies derived from mining operations on Aboriginal land in the Northern Territory.

**ABORIGINALS BENEFIT ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 2019*

## 4. Managing Uncertainties

This section analyses how the Aboriginals Benefit Account manages financial risks within its operating environment.

### 4.1. Contingent Assets and Liabilities

PM&C, on behalf of ABA, is not aware of any material quantifiable or unquantifiable contingent assets or liabilities as at the signing date that would require disclosure in the financial statements.

#### Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

### 4.2. Financial Instruments

	2019	2018
	\$'000	\$'000
<b>Note 4.2A: Categories of financial instruments</b>		
<b>Financial assets under AASB 139</b>		
<b>Held-to-maturity investments:</b>		
Term deposits		793,746
<b>Total held-to-maturity investments</b>		<b>793,746</b>
<b>Loans and receivables</b>		
Cash and cash equivalents		11,212
Interest receivable		9,935
Other receivables (net)		296
<b>Total loans and receivables</b>		<b>21,443</b>
<b>Total financial assets</b>		<b>815,189</b>
<b>Financial assets under AASB 9</b>		
<b>Financial assets at amortised cost</b>		
Term deposits	1,042,500	
Cash and cash equivalents	9,154	
Interest receivable	14,685	
Other receivables (net)	913	
<b>Total financial assets at amortised cost</b>	<b>1,067,252</b>	
<b>Total financial assets</b>	<b>1,067,252</b>	
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost:</b>		
Office of township leasing administrative liabilities	742	1,095
Grants payables – non-profit organisations	-	295
Other payables	1,808	1,094
<b>Total financial liabilities measured at amortised cost</b>	<b>2,550</b>	<b>2,484</b>
<b>Total financial liabilities</b>	<b>2,550</b>	<b>2,484</b>

Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility. Settlement of supplier and other payables is usually made within 30 days.

**ABORIGINALS BENEFIT ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 2019*

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**Accounting Policy**

**Financial Assets**

The ABA first adopted *AASB 9 Financial Instruments* on 1 July 2018. Upon initial application, financial assets previously recognised as loans and receivables and investments held to maturity under AASB 139 Financial Instruments were reclassified to financial assets measured at amortised cost. Adjustments to the carrying amounts upon initial application were recognised as adjustments for changes in accounting policies within the opening balance for retained earnings in the statement of changes in equity.

**Investments**

Investment activities are conducted in accordance with the requirements of section 58 of the PGPA Act. Investments are typically low risk and take the form of term deposits. The duration of the term deposits are usually for a term of three to 12 months.

The investment objective of PM&C as administrators for ABA is to ensure that ABA complies with legislative obligations under the PGPA Act and the ALRA; and that ABA maintains and preserves its capital base.

The investment portfolio and bank accounts are managed to ensure sufficient funds are available for payments as required.

Investment practices are also governed by the investment policy of PM&C, which requires the management of the portfolio to respond to positive investment opportunities in the market so as to achieve the best possible returns for the account within the legislative framework.

The asset allocation of the portfolio as at 30 June 2019 is 100% (2018: 100%) with Australian banks.

**Effective Interest Method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit and loss.

**Impairment of Financial Assets**

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses. Using the general approach, the loss allowance is based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased. The simplified approach for trade and contract receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

**Financial Liabilities**

**Other Financial Liabilities (at amortised cost)**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent goods or services have been received (and irrespective of having been invoiced).

**ABORIGINALS BENEFIT ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 2019*

**Classification of financial assets on the date of initial application of AASB 9**

<b>Financial assets class</b>	<b>Notes</b>	<b>AASB 139 original classification</b>	<b>AASB 9 new classification</b>	<b>AASB 139 carrying amount at 1 July 2018 \$'000</b>	<b>AASB 9 carrying amount at 1 July 2018 \$'000</b>
		Held-to-maturity investments			
Term deposits			Amortised Cost	793,746	793,746
Cash and cash equivalents		Loans and receivables	Amortised Cost	11,212	11,212
Interest receivable	2.1A	Loans and receivables	Amortised Cost	9,935	9,935
Other receivables (net)	2.1A	Loans and receivables	Amortised Cost	296	340
<b>Total financial assets</b>				<b>815,189</b>	<b>815,233</b>

**Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9**

<b>Financial assets class</b>	<b>AASB 139 carrying amount at 1 July 2018 \$'000</b>	<b>Reclassification \$'000</b>	<b>AASB 9 carrying amount at 1 July 2018 \$'000</b>
<b>Financial assets at amortised cost</b>			
Held-to-maturity investments			
Term deposits	793,746	-	793,746
Loans and receivable			
Cash and cash equivalents	11,212	-	11,212
Interest receivable	9,935	-	9,935
Other receivables (net)	296	44	340
<b>Total financial assets</b>	<b>815,189</b>	<b>44</b>	<b>815,233</b>

**ABORIGINALS BENEFIT ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 2019*

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	2019 \$'000	2018 \$'000
<b><u>Note 4.2B: Net gains or losses on financial assets</u></b>		
<b>Financial assets at amortised cost</b>		
Interest revenue	25,661	19,496
Other gain	5	3
Impairment	(280)	(578)
<b>Net gain on financial assets at amortised cost</b>	<b>25,386</b>	<b>18,921</b>
<b>Net gain on financial assets</b>	<b>25,386</b>	<b>18,921</b>

The above net gain is from financial assets that are not recognised at fair value through profit and loss.

**Accounting Policy**

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

**ABORIGINALS BENEFIT ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the period ended 30 June 2019*

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**5. Other Information**

**5.1. Aggregate Assets and Liabilities**

	2019 \$'000	2018 \$'000
<b><u>Note 5.1A: Aggregate Assets and Liabilities</u></b>		
<b>Assets expected to be recovered in:</b>		
No more than 12 months	<b>1,068,360</b>	815,343
More than 12 months	<b>2,631</b>	3,157
<b>Total assets</b>	<b>1,070,991</b>	818,500
 <b>Liabilities expected to be settled in:</b>		
No more than 12 months	<b>7,753</b>	3,752
More than 12 months	<b>904</b>	547
<b>Total liabilities</b>	<b>8,657</b>	4,299